

DAIMLER TRUCK

**Opening Speech at the  
Annual General Meeting 2023  
Daimler Truck Holding AG**

Joe Kaeser

Chairman of the Supervisory Board

Daimler Truck Holding AG

Stuttgart, June 21, 2023

Advance copy of speech published on June 16, 2023.  
Check against delivery during the Annual General Meeting.

## **Dear Shareholders, Shareholder Representatives, Ladies and Gentlemen!**

On behalf of the Supervisory Board and the Board of Management, I would like to welcome you all and hereby open the 2023 Annual General Meeting of Daimler Truck Holding AG. As Chairman of the Supervisory Board, I will chair the meeting in accordance with the Articles of Incorporation. [...]

### **Digital Annual General Meeting**

Before I report to you on the work of the Supervisory Board in the past 2022 financial year, let me say a few words about the format and process of our Annual General Meeting today.

In July 2022, the legislature in Germany defined the legal basis for establishing virtual General Meetings on a permanent basis as an equivalent alternative to a General Meeting with attendance. This virtual format gives us the legal framework to safeguard all shareholder rights and enable an interactive exchange between management and shareholders. After considering all aspects and also taking into account the still uncertain pandemic situation at the time of planning, Board of Management and Supervisory Board decided to hold the 2023 Annual General Meeting in this new virtual format. Today's Annual General Meeting will therefore, be held without a physical presence of shareholders and shareholder representatives, with the exception of the proxies appointed by the Company. The aim of the new statutory provisions is to transfer the rights from the Annual General Meeting with attendance to the virtual Annual General Meeting so that they are aligned with the attendance meeting. [...] At the same time, the Board of Management and Supervisory Board are today proposing to the Annual General Meeting that the possibility of holding virtual General Meetings also be provided for in the Articles of Incorporation for the years 2024 and 2025. [...]

### **Review of fiscal year 2022**

Last year was a special year for Daimler Truck: it was the first full financial year as an independent company.

It was a good and successful year - especially when considering the circumstances. Daimler Truck has achieved a lot: 2022 was the most profitable year in the company's history. In addition, the course was swiftly set for the transformation to zero-emission vehicles and thus potential new business models. Focus, efficiency, and speed have increased. This underlines that the step towards independence was absolutely the right one. Now Daimler Truck also has its own identity and a clear purpose: "For all who keep the world moving"; that is a great aspiration. An important task and a special responsibility at the same time: Serving society in a sustainable and profitable way.

"We are Daimler Truck - Great to have you with us." This is the phrase with which employees welcome their customers and partners. And this is how we would like to welcome you, dear shareholders, as our owners at today's Annual General Meeting: "We are Daimler Truck - Great to have you with us."

This strong identification and motivation to move Daimler Truck forward can be sensed throughout the entire organization. Here, too, the focus resulting from the spin-off from Mercedes-Benz Group has led to great things. The entire Truck team is working with strong determination on the two major strategic goals of leveraging its full earnings potential and leading the transformation to sustainable transportation.

One such strategic opportunity that was recently communicated is the planned merger of Mitsubishi Fuso Truck and Bus Corporation with Hino Motors, a subsidiary of Toyota Motor Corporation. The potential merger of the two Japanese companies would enable significantly greater economies of scale and new dimensions in the development of sustainable drive technologies. The result would be a highly capable commercial vehicle manufacturer that would be able to serve customers in the Asian market even better and provide even more efficient support for the transformation to sustainable transportation. Extensive due diligence processes for the planned merger are currently under way.

Therefore, I am very confident about Daimler Truck's future path. Especially since the 2022 financial year showed that Daimler Truck can make important progress even under challenging circumstances. Two of these challenges were the ongoing war in Ukraine and the last throes of COVID-19, especially in China.

I have been very supportive of Daimler Truck's quick and consistent decision to completely suspend business in Russia in light of the brutal Russian war of aggression against Ukraine. And I am grateful that the global Daimler Truck team has shown its solidarity by standing by the Ukrainians with extensive relief efforts inside and outside the company.

The war triggered run-away energy and raw material prices, along with supply shortages and persistent inflation.

China, meanwhile, continued to suffer ongoing consequences of the COVID-19 pandemic. The long-sustained lockdown and the aftermath of the pandemic following the end of the measures significantly weakened China's economy and its economic system. This led to further disruptions in global supply chains. Thus, supply chain constraints also became the norm in 2022.

In this volatile global situation, the Daimler Truck team was particularly focused on stabilizing its operational business while continuing to develop its strategy with undiminished commitment. Daimler Truck placed great emphasis on sustainability in the further development of its strategy and positioning in the 2022 financial year. At the end of 2022, the company was already producing eight zero-emission truck and bus models in series production. At the same time, the European locations have achieved balance-sheet CO<sub>2</sub>-neutrality in production, partly by procuring CO<sub>2</sub>-free electricity from renewable sources.

In its first full financial year of a listed company, Daimler Truck made good operational progress - considering the challenging circumstances, even a very good one. The company benefited from strong demand in its key commercial vehicle markets, while constraints in the supply chain had a burdening effect. The Group achieved its financial targets and significantly improved profitability. Key performance indicators increased year-over-year - revenue and earnings per share even rose significantly. EBIT, meaning earnings before interest and taxes, reached a historic record level even despite pending effects of cost-reduction programs.

The stellar business performance of the past year is above all owed to management and employees, and thus to the entire team. On behalf of the Supervisory Board, I would therefore like to express my most sincere thanks to the global Daimler Truck team for their extraordinary commitment and dedication. The company would like to share the benefits of 2022 with you, its shareholders. We thank you for the trust you have placed in us. Under agenda item 2 of the Annual General Meeting, the Board of Management and Supervisory Board of Daimler Truck Holding AG therefore propose that a dividend of €1.30 per share be paid for the past financial year.

### **Topics of the Supervisory Board in the past financial year**

In the reporting year, the Supervisory Board held seven meetings. The detailed Report of the Supervisory Board can be found on pages 12 to 19 of the Annual Report. You will also find the Declaration on Corporate Governance in the Annual Report. In the following, I will therefore focus on just a few of the key aspects of the Supervisory Board's work.

The central task of the Supervisory Board - as the German term already suggests - is not only to supervise but above all to advise the Board of Management. This particularly includes current and future significant topics of corporate governance, sustainability and the strategic alignment of the company within the technological transformation. The dialogue with the Board of Management on these crucial matters was also the main focus of our Supervisory Board work last year. Specifically, we dealt with such topics as the following:

- the strategy for developing the propulsion and mobility systems of the future
- a sustainable long-term business strategy,
- the further development of the Board of Management remuneration system
- and the implementation of the new German Corporate Governance Code.

Let me elaborate more on these topics.

## **Strategic Direction**

In 2022, the Supervisory Board, together with responsible representatives of the management, and in particular the members of the Board of Management, spent significant time on the strategic alignment and direction of the company. In this regard, the Supervisory Board convened, among other things, a multiday strategy workshop, where matters like technology transformation and the sustainability goals of Daimler Truck were discussed in deep dive sessions.

The vision is clearly set out: Daimler Truck aims to actively shape the transformation of the commercial vehicle industry and take a leading position in terms of market share, profitability, and innovation. A core element of this transformation is an innovation strategy, maintaining an open view on technology enablers: Daimler Truck is initially focusing on the two sustainable drive concepts of batteries and hydrogen. In the field of “autonomous driving”, the initial focus lies on the American market.

## **Further Development of the Board of Management Remuneration System**

Let us now turn to the remuneration system. At the 2022 Annual General Meeting, the Supervisory Board committed that it would develop the remuneration system for the Board of Management further and asked the shareholders for feedback. In doing so, we have also broadly implemented the feedback we received from investors and proxy advisors during the Corporate Governance Roadshows. A detailed description of the “Remuneration System 2023+” proposed for resolution today was included in the convocation to the Annual General Meeting. I will address the most important aspects below:

The basic structure of the previous remuneration system approved by the Annual General Meeting has been retained. Significant changes relate to the structure of the performance-related short-term and long-term variable remuneration.

The long-term variable remuneration element, the Virtual Share-based Equity Plan, will in future be supplemented by non-financial targets. Further non-financial targets will be introduced into the short-term variable remuneration element, the annual bonus. In both cases, these are in particular employee- and environment-related targets, such as diversity and emissions reductions. The financial long-term targets are essentially aligned to the MSCI World Industrials Index. In this way, we aim to create more transparency and to align the remuneration of the Board of Management even more closely with the interests of shareholders.

In addition, the accountability of the Board of Management members responsible for the individual segments is to be reflected more strongly in the remuneration system in the future: The financial performance criteria of the annual bonus in the Remuneration System 2023+ will therefore be based first on the EBIT of Daimler Truck and, from 2024, also on the EBIT of the individual segments of Daimler Truck and additionally on the free cash flow of the industrial business.

Subject to its approval by today's Annual General Meeting, the revised Remuneration System 2023+ will apply to all serving members of the Board of Management with retroactive effect from January 1, 2023, as well as in the case of new appointments and reappointments.

### **Implementation of the new German Corporate Governance Code**

In addition, the Supervisory Board continuously discussed key corporate governance matters in the 2022 financial year. Particularly in light of the amendments to the German Corporate Governance Code in 2022, the Supervisory Board decided to make specific adjustments to the Rules of Procedure for the Supervisory Board and its committees. These adjustments primarily take into account the focus of the Supervisory Board's supervision and advisory role with regard to Environmental, Social and Governance (ESG) topics, i.e. issues of social responsibility or responsibility for employees, environmental sustainability and corporate governance, as described above.

The Supervisory Board, as a whole, executes a strong advisory and supervision role for this crucial topic. The Supervisory Board's oversight role assumes all sustainability-related aspects in corporate strategy and business planning as well as strategic measures with significance for sustainability at Daimler Truck. In addition, various committees, such as the Presidential and Remuneration Committee and the Audit Committee, deal with sustainability issues in a supporting capacity.

Following preparation by the Presidential and Remuneration Committee, the Supervisory Board also carried out a self-assessment of sustainability expertise on the Supervisory Board. This revealed a broad spread of sustainability expertise across the entire Supervisory Board. To further develop knowledge in this field, which is also subject to dynamic change in terms of regulation, the Supervisory Board also decided to offer external training measures.

### **Personnel Matters**

Finally, let me take a look at personnel matters.

In the course of the current financial year 2023, the Supervisory Board extended the mandate of Board of Management member Karin Rådström, responsible for Mercedes-Benz Trucks and the Europe and Latin America regions, ahead of time for a further five year term from February 1, 2024, and until January 31, 2029. Karin Rådström is doing an outstanding job and has successfully developed Mercedes-Benz Trucks in a difficult environment. She has set new standards in the development of the performance culture and promotes customer orientation, empowerment and diversity in particular. We look forward to continuing to work together and shaping sustainable transportation together.

Claudia Peter and Harald Dorn retired from the Supervisory Board as employee representatives as of November 22, 2022. I would like to express my sincere thanks to them for their ever-constructive cooperation!

I would like to welcome the two new members, Andrea Seidel and Raymond Curry, who joined the Supervisory Board on November 22, 2022. Ms. Seidel, Mr. Curry, I look forward to continuing to work with you!



As emphasized on several occasions, a close cooperation with the employee representatives on the Supervisory Board is very important to me. The commercial vehicle sector is facing a powerful transformation that is affecting all areas of the company. It also presents employees at Daimler Truck with major tasks. In this context, dialog within the framework of employee co-determination represents an essential basis for the development and implementation of measures for the long-term success of the company.

### **Thank you and Outlook**

On behalf of the Supervisory Board, I would like to thank the approximately 105,000 employees for their active commitment in the past financial year. "They are Daimler Truck - Great to have them with us."

I would also like to thank the shareholders, customers and partners for their trust in the company and its boards. And I would like to thank the entire Board of Management team for their great commitment and achievements in the past year!

The global Daimler Truck team will continue to work with great dedication to make the vision of sustainable transportation a success in all its facets - with its own identity, self-assurance, and self-esteem. The Supervisory Board looks forward to diligently accompanying this transformation and actively supporting the company.

Thank you for your attention.

Daimler Truck Holding AG  
Fasanenweg 10  
70771 Leinfelden-Echterdingen  
[www.daimlertruck.com](http://www.daimlertruck.com)